

PROPERTY FORECLOSURES IN MARYLAND

SECOND QUARTER 2016



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PROPERTY FORECLOSURE EVENTS IN MARYLAND

SECOND QUARTER 2016

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PROPERTY FORECLOSURE EVENTS IN MARYLAND

SECOND QUARTER 2016

EXECUTIVE SUMMARY

RealtyTrac data for second quarter 2016 show that property foreclosure filings (or events) in the U.S., which includes notices of default, notices of foreclosure sales and lender purchases of foreclosed properties, declined 2.8 percent to 280,989 events from the previous quarter. Compared with the second quarter of 2015, foreclosures fell 18.1 percent – marking the third consecutive quarter of year over year declines (Exhibit 1). The U.S. foreclosure rate, defined as the number of foreclosures per 10,000 households, decreased from 21.8 in the previous quarter to 21.2 in the current quarter. Nationally, foreclosure activity dropped in 26 states but increased in the other 24 as well as the District of Columbia. The top five increases were in Alaska, the District of Columbia, Montana, Nebraska, and New Mexico while the highest declines were in Missouri, Mississippi, Nevada, North Dakota and Vermont. Compared with the same quarter in 2015, total foreclosure events decreased in 35 states but increased in 15 states and in the District of Columbia.

In Maryland, foreclosure activity fell 12.3 percent from the prior quarter to 10,862 events and by 10.1 percent from the same period last year. The decrease in the second quarter and from year ago levels can be largely attributed to declines in new notices of default and sales (Exhibits 1 and 2).

New foreclosure filings decreased 5.9 percent to 4,098 events in the second quarter and by 18.4 percent below the same period last year. Foreclosure sales declined significantly by 22.1 percent and by 11.3 percent to 3,611 properties as lenders push through protracted delinquent properties to take advantage of rising home values. With nine consecutive year-over-year quarterly declines in new defaults, property foreclosure activity in Maryland is expected to trend downward in the coming quarters as the housing market continues to recover with strong housing market indicators such as higher median home prices, lower months' supply and declining number of days properties for sale remain on the market.

With the decline in total foreclosure activity, Maryland's foreclosure rate decreased from 51.6 foreclosures per 10,000 households in the first quarter to 45.3 in the second quarter of 2016. Despite the decline in rates, Maryland's ranking remained among the top five states with the highest foreclosure rates nationwide. The State's foreclosure rate was 113.5 percent above the U.S. rate of 21.2 in the second quarter.

Among the neighboring states, Delaware's ranking deteriorated from 4th highest in the prior quarter to 3rd highest in the current quarter; Pennsylvania's ranking changed from the 10th highest in the previous quarter to 12th highest; Virginia's ranking improved from the 20th highest to 28th highest.

RealtyTrac's methodology reports total number of filings in these stages of foreclosure. As a result, the sum of these stages of foreclosure during a quarter may exceed the actual number of foreclosed properties as properties are moved from one stage of the process to the other during the quarter. To eliminate multiple counting of foreclosure events, total number of foreclosures in this report represents the number of unique properties only.

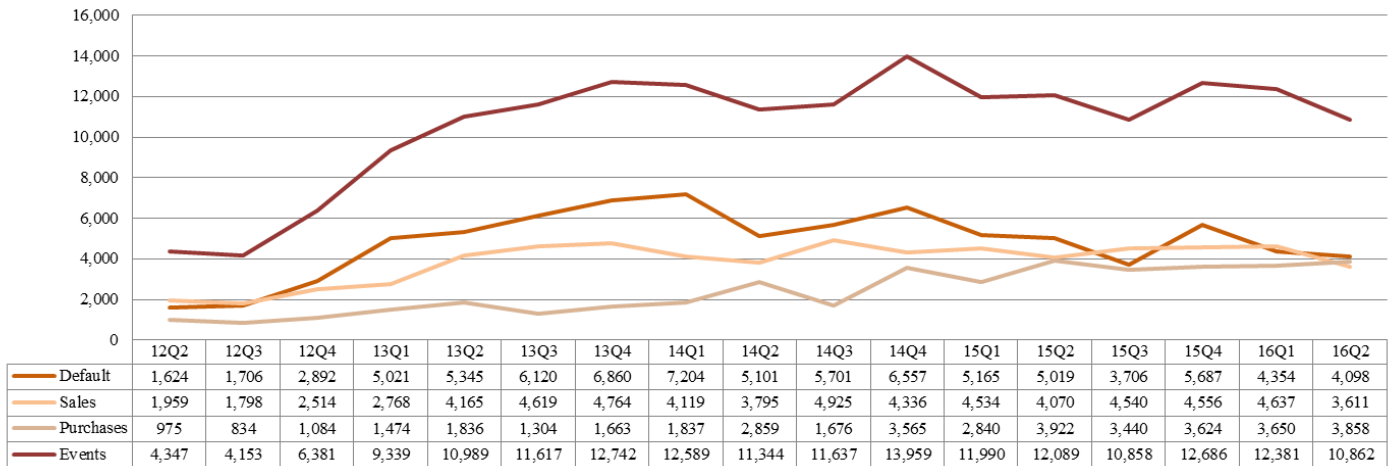
EXHIBIT 1. FORECLOSURES IN MARYLAND AND U.S.
SECOND QUARTER 2016

Indicator	Notices of Default	Notices of Sales	Lender Purchases	Properties with Foreclosure Filings*
<i>Maryland</i>				
Number of Events	4,098	3,611	3,858	10,862
Change (Last Quarter)	-5.9%	-22.1%	5.7%	-12.3%
Change (Last Year)	-18.4%	-11.3%	-1.6%	-10.1%
<i>U.S.</i>				
Number of Events	85,898	112,412	97,932	280,989
Change (Last Quarter)	-2.1%	-2.3%	-1.6%	-2.8%
Change (Last Year)	-12.5%	-22.5%	-22.6%	-18.1%

The sum of the three stages of foreclosure may exceed the number of properties. The last column in this table represent the number of unique property foreclosures, hence multiple counting of the events has been eliminated.

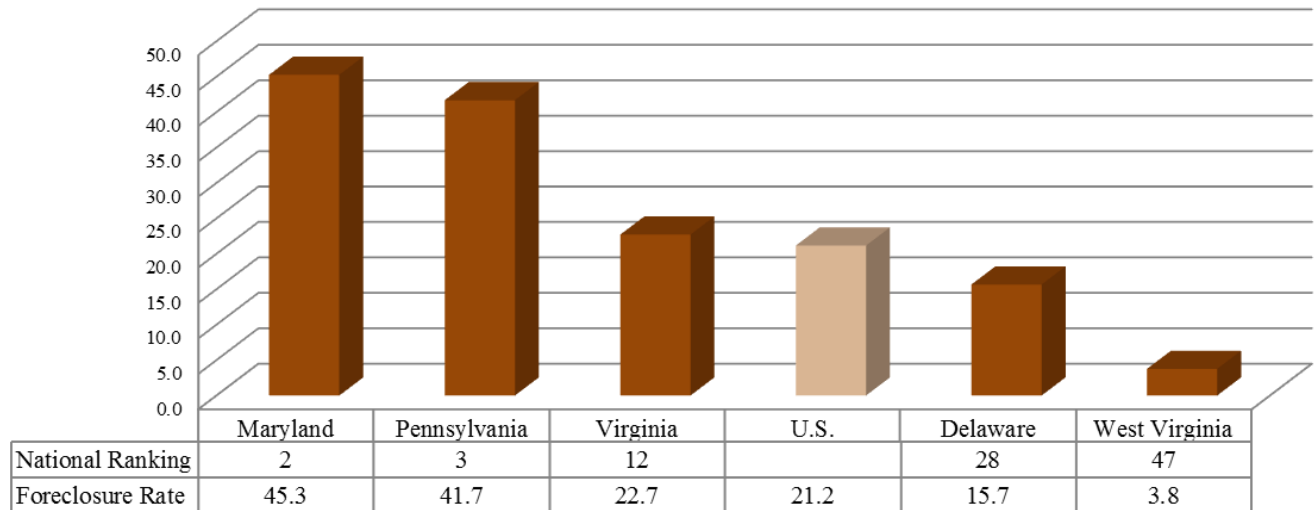
Source: RealtyTrac and DHCD, Housing and Economic Research Office

EXHIBIT 2. STAGES OF FORECLOSURE ACTIVITY IN MARYLAND
SECOND QUARTER 2011 THROUGH SECOND QUARTER 2016



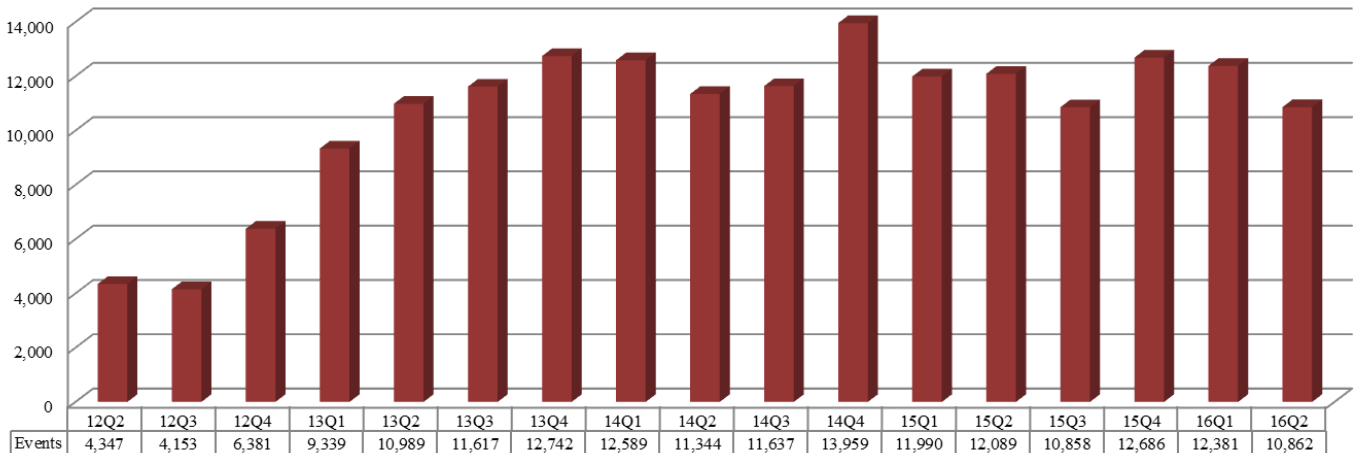
Source: RealtyTrac and DHCD, Housing and Economic Research Office

**CHART 1. FORECLOSURE RATES IN THE REGION: NUMBER OF FORECLOSURES PER 10,000 HOUSEHOLDS
SECOND QUARTER 2016**



Source: RealtyTrac and DHCD, Housing and Economic Research Office

**CHART 2. TOTAL FORECLOSURE ACTIVITY
SECOND QUARTER 2016**



Source: RealtyTrac and DHCD, Housing and Economic Research Office

Table 1 shows the second quarter foreclosures events in Maryland jurisdictions. Prince George's County with 2,182 events had the largest share of foreclosures statewide, accounting for 20.1 percent of the total. Foreclosure activity in Prince George's County declined 20.4 percent below the previous quarter, a 4.8 percent decline from the previous year. Baltimore City saw a 14.3 percent decline in the second quarter. With 1,856 filings, the City had the second largest number of foreclosure events, accounting for 17.1 percent of the total. On an annual basis, the City's foreclosures fell 12.9 percent below the second quarter of last year. Baltimore County with 1,564 foreclosures, or 14.4 percent of the total, had the third highest number of foreclosures in Maryland. Foreclosures in this county decreased 11.2 percent below the preceding quarter and by 20.6 percent from one year ago.

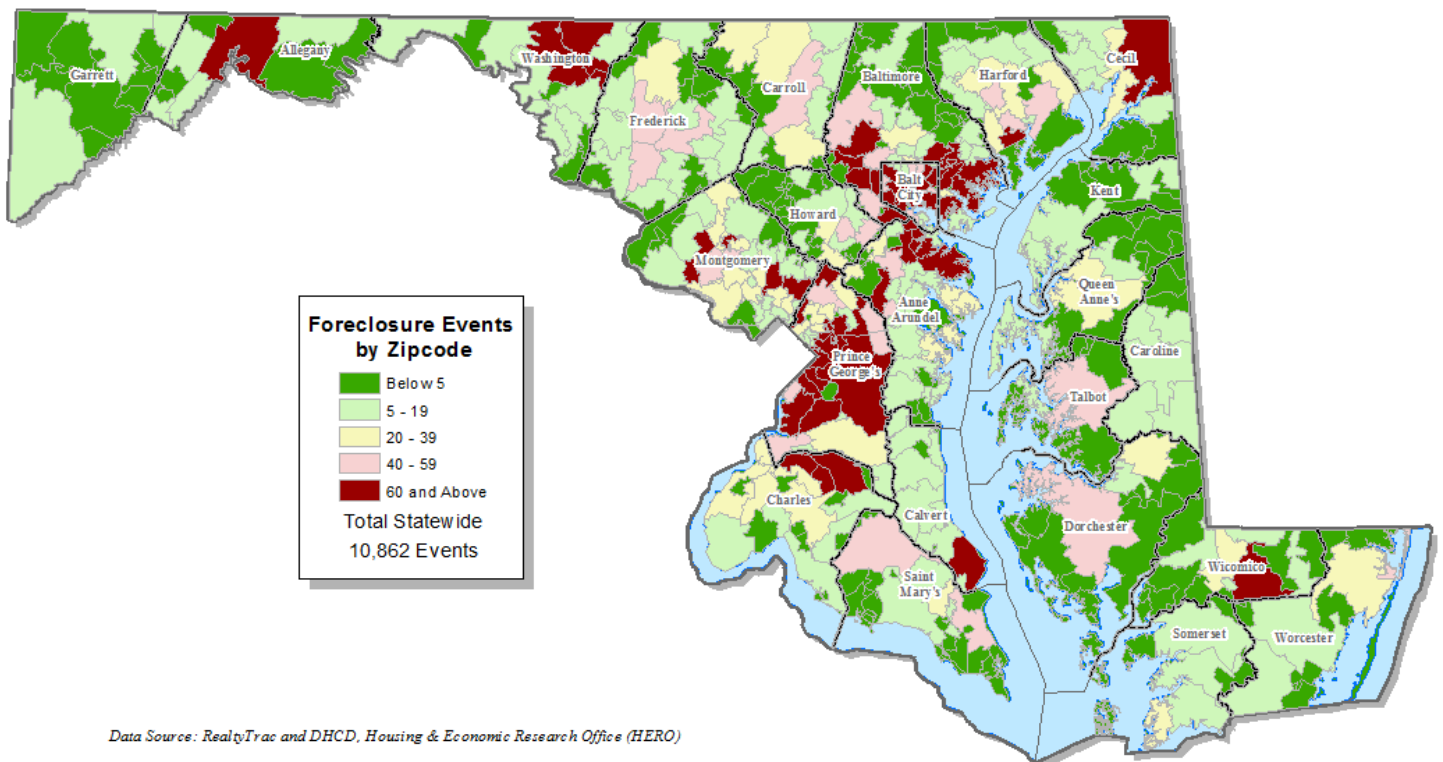
Other counties with large foreclosure events include Anne Arundel (1,167 events or 10.7 percent of the total), Montgomery (826 events or 7.6 percent), Harford (433 events or 4.0 percent), Charles (432 events or 4.0 percent), Washington (321 events or 3.0 percent), Frederick (308 events or 2.8 percent), and Howard counties (239 events or 2.2 percent). These ten jurisdictions represented 85.9 percent of all foreclosures events in Maryland.

TABLE 1. PROPERTY FORECLOSURE EVENTS
SECOND QUARTER 2016

Jurisdiction	Notices of Default	Notices of Sales	Lender Purchases (REO)	Total*			
				Number	County Share	% Change from	
						2016 Q1	2015 Q2
Allegany	56	29	37	111	1.0%	-3.4%	-6.1%
Anne Arundel	329	298	599	1,167	10.7%	-3.2%	12.0%
Baltimore	666	520	479	1,564	14.4%	-11.2%	-20.6%
Baltimore City	745	537	668	1,856	17.1%	-14.3%	-12.9%
Calvert	62	55	69	182	1.7%	-2.2%	-20.5%
Caroline	28	18	30	70	0.6%	-3.2%	-12.3%
Carroll	71	58	69	184	1.7%	-6.4%	-14.6%
Cecil	54	69	59	165	1.5%	-25.0%	-14.9%
Charles	135	140	185	432	4.0%	-2.0%	0.6%
Dorchester	29	32	36	85	0.8%	47.4%	-52.7%
Frederick	104	106	112	308	2.8%	-23.4%	-14.9%
Garrett	19	9	12	37	0.3%	5.2%	9.2%
Harford	161	146	163	433	4.0%	-12.6%	-11.0%
Howard	67	113	75	239	2.2%	-26.7%	-33.2%
Kent	14	9	13	35	0.3%	-19.9%	-4.7%
Montgomery	301	329	239	826	7.6%	-6.1%	-3.2%
Prince George's	892	833	638	2,182	20.1%	-20.4%	-4.8%
Queen Anne's	35	30	25	87	0.8%	-18.6%	-11.6%
Somerset	24	12	23	54	0.5%	5.6%	-17.9%
St. Mary's	82	56	64	185	1.7%	7.8%	-15.7%
Talbot	27	23	21	67	0.6%	7.6%	-7.6%
Washington	103	94	139	321	3.0%	-3.2%	14.4%
Wicomico	60	55	59	158	1.5%	-16.8%	-23.4%
Worcester	34	40	46	114	1.1%	-7.4%	-14.6%
Maryland	4,098	3,611	3,858	10,862	100.0%	-12.3%	-10.1%

*The sum of the three stages of foreclosure may exceed the total. Total number of foreclosures represents unique properties.
Source: RealtyTrac and DHCD, Housing and Economic Research Office

**MAP 1: DISTRIBUTION OF PROPERTY FORECLOSURE EVENTS
SECOND QUARTER 2016**

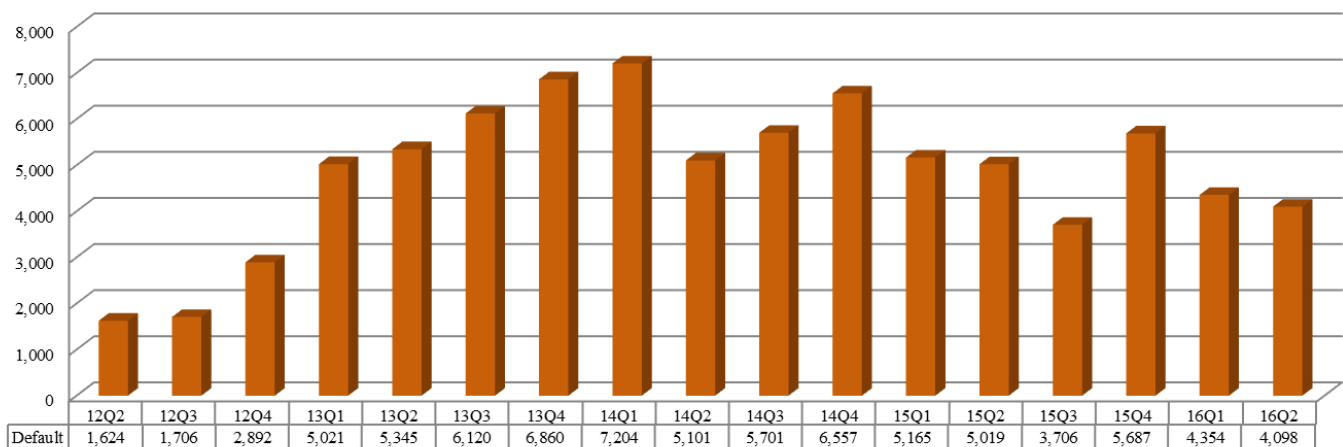


NOTICES OF MORTGAGE LOAN DEFAULT SECOND QUARTER 2016

Notices of default (the initial document filed by the lender to start the foreclosure process, also called pre-foreclosure stage) declined 5.9 percent to 4,098 filings in the second quarter, posting the lowest level of new defaults filed since the third quarter of 2015 (Chart 3). Compared to last year, new foreclosure filings were also down by 18.4 percent, recording the ninth consecutive year-over-year declines (Table 2). All Maryland jurisdictions recorded year over year quarterly declines with the exception of Allegany, Garrett, Kent and Somerset counties.

By jurisdiction, Prince George’s County accounted for the largest share of defaults – 21.8 percent of all filings statewide or 892 notices (Table 2). The county’s default notices declined 2.9 percent below the previous quarter and by 9.4 percent below last year. Baltimore City with 745 default notices (18.2 percent of the total) had the second highest number of defaults in Maryland. The City’s new defaults grew 2.5 percent above the preceding quarter but decreased 18.8 percent below last year. Baltimore County with 666 default notices, or 16.3 percent of the total, had the third highest number of notices. The county’s default notices inched 2.0 percent higher than the previous quarter but fell 23.3 percent below last year. Anne Arundel with 329 default notices, or 8.0 percent of the total, had the fourth highest number of notices while Montgomery County had the fifth largest share with 301 notices or a 7.4 percent share. Together, these jurisdictions represented 71.6 percent of all default notices issued statewide.

**CHART 3. NOTICES OF MORTGAGE LOAN DEFAULT
SECOND QUARTER 2016**



Source: RealtyTrac and DHCD, Housing and Economic Research Office

TABLE 2. NOTICES OF MORTGAGE LOAN DEFAULT
SECOND QUARTER 2016

Jurisdiction	2016 Q2		% Change from	
	Number	% of Total	2016 Q1	2015 Q2
Allegany	56	1.4%	24.5%	25.3%
Anne Arundel	329	8.0%	-25.5%	-30.5%
Baltimore	666	16.3%	2.0%	-23.3%
Baltimore City	745	18.2%	2.5%	-18.8%
Calvert	62	1.5%	-7.8%	-10.1%
Caroline	28	0.7%	22.6%	-1.5%
Carroll	71	1.7%	12.7%	-11.9%
Cecil	54	1.3%	-29.9%	-6.9%
Charles	135	3.3%	-28.4%	-26.0%
Dorchester	29	0.7%	63.1%	-8.5%
Frederick	104	2.5%	-32.5%	-34.0%
Garrett	19	0.5%	26.7%	9.6%
Harford	161	3.9%	20.9%	-2.5%
Howard	67	1.6%	-49.7%	-60.4%
Kent	14	0.3%	28.0%	29.2%
Montgomery	301	7.4%	9.1%	-8.2%
Prince George's	892	21.8%	-2.9%	-9.4%
Queen Anne's	35	0.9%	-19.3%	-26.4%
Somerset	24	0.6%	16.2%	18.5%
St. Mary's	82	2.0%	35.1%	-7.8%
Talbot	27	0.7%	-20.5%	-27.2%
Washington	103	2.5%	-15.3%	-13.4%
Wicomico	60	1.5%	-19.5%	-15.6%
Worcester	34	0.8%	-37.9%	-31.8%
Maryland	4,098	100.0%	-5.9%	-18.4%

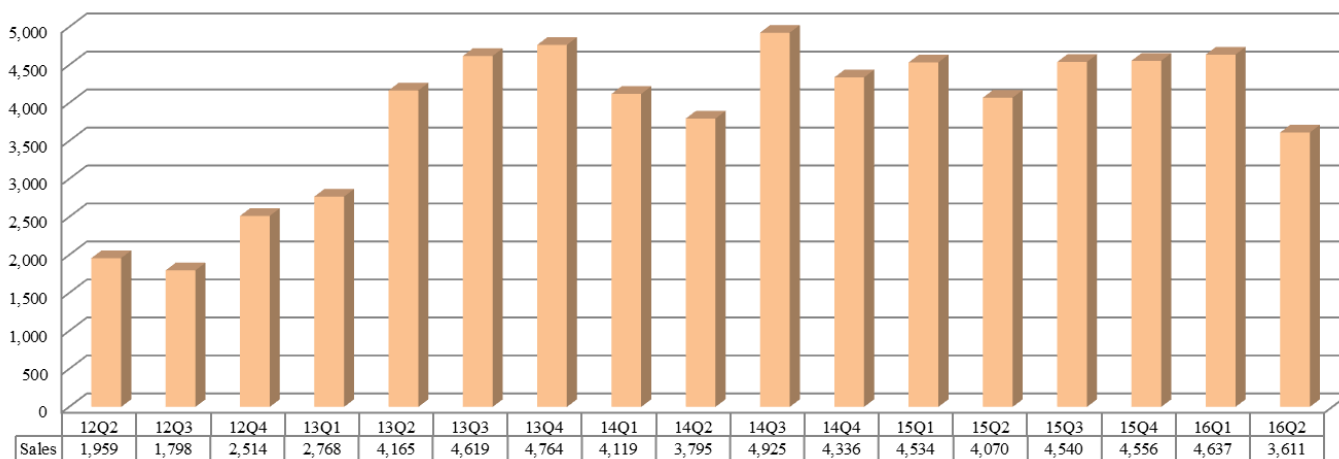
Source: RealtyTrac and DHCD, Housing and Economic Research Office

NOTICES OF FORECLOSURE SALES SECOND QUARTER 2016

Foreclosure sale or judgment of sales notice (an order signed by a judge authorizing the sale of a property at a public auction) fell 22.1 percent from the prior quarter to 3,611 filings – marking the lowest count in three years (Chart 4). Compared with the second quarter 2015, foreclosure sales declined 11.3 percent. Foreclosure sales fell in 20 Maryland jurisdictions but increased in Dorchester, Garrett, Queen Anne’s and Talbot counties.

Foreclosure sales declined 20.9 percent in Prince George’s County to 833 notices, down 2.6 percent below last year’s volume. Foreclosure sales in that county accounted for 23.1 percent of all foreclosure sales statewide, the largest share among the State’s twenty-four jurisdictions (Table 3). Baltimore City with 537 notices, or 14.9 percent of the total, had the second highest number of foreclosure sales in Maryland. Foreclosure sales in the City fell 25.8 percent from the preceding quarter and by 18.7 percent compared with the same period last year. Baltimore County with 520 notices, or 14.4 percent of the total, had the third highest number of foreclosure sales. Notices of sales in the county declined 28.2 percent from the previous quarter and by 19.0 percent from last year. Montgomery County with 329 notices, or 9.1 percent of the total, had the fourth highest number of foreclosure sales this quarter. Notices of sales in that county declined 19.7 percent below the prior quarter and by 14.9 percent below last year. Anne Arundel County with 298 notices (8.2 percent) had the fifth highest number of foreclosure sales this quarter, down 21.5 percent from the previous quarter and 24.0 percent from last year. Together, these jurisdictions accounted for 69.7 percent of all notices of sales issued statewide.

CHART 4. NOTICES OF FORECLOSURE SALES
SECOND QUARTER 2016



Source: RealtyTrac and DHCD, Housing and Economic Research Office

TABLE 3. NOTICES OF FORECLOSURE SALES
SECOND QUARTER 2016

Jurisdiction	2016 Q2		% Change from	
	Number	% of Total	2016 Q1	2015 Q2
Allegany	29	0.8%	-6.6%	26.7%
Anne Arundel	298	8.2%	-21.5%	-24.0%
Baltimore	520	14.4%	-28.2%	-19.0%
Baltimore City	537	14.9%	-25.8%	-18.7%
Calvert	55	1.5%	-1.3%	-34.5%
Caroline	18	0.5%	-47.1%	-14.0%
Carroll	58	1.6%	-35.8%	-22.5%
Cecil	69	1.9%	-13.8%	13.1%
Charles	140	3.9%	-7.9%	0.5%
Dorchester	32	0.9%	107.8%	77.5%
Frederick	106	2.9%	-35.8%	-2.1%
Garrett	9	0.2%	13.6%	0.0%
Harford	146	4.0%	-40.6%	-12.9%
Howard	113	3.1%	-2.0%	-3.8%
Kent	9	0.2%	-20.2%	-47.3%
Montgomery	329	9.1%	-19.7%	-14.9%
Prince George's	833	23.1%	-20.9%	-2.6%
Queen Anne's	30	0.8%	13.7%	2.6%
Somerset	12	0.3%	-22.0%	-44.5%
St. Mary's	56	1.6%	-12.1%	-3.9%
Talbot	23	0.6%	77.9%	52.9%
Washington	94	2.6%	-23.2%	23.9%
Wicomico	55	1.5%	-3.9%	-0.8%
Worcester	40	1.1%	-11.5%	4.3%
Maryland	3,611	100.0%	-22.1%	-11.3%

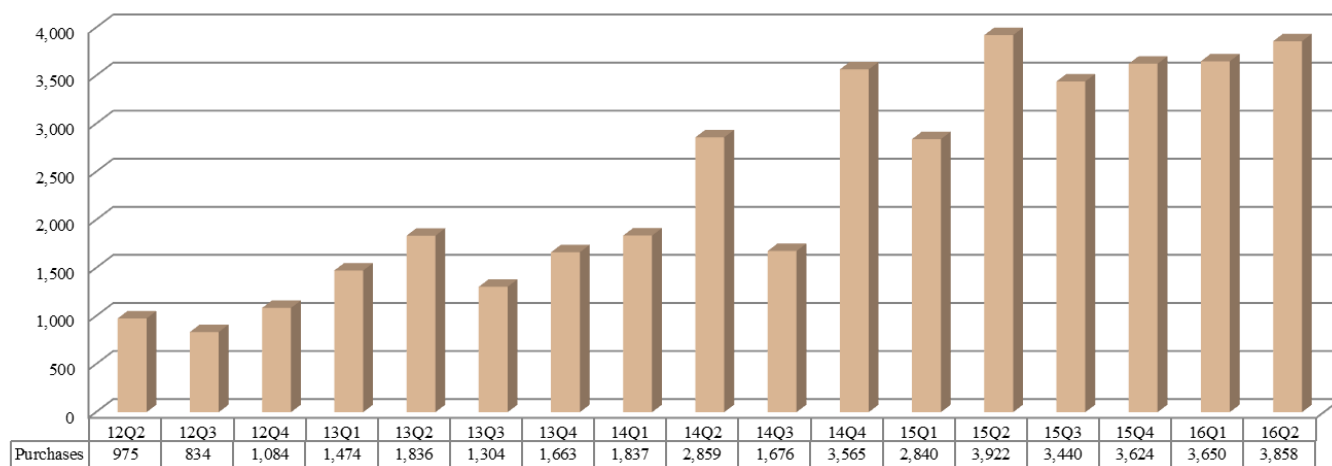
Source: RealtyTrac and DHCD, Housing and Economic Research Office

LENDER PURCHASES OF FORECLOSED PROPERTIES SECOND QUARTER 2016

Lender purchases of real estate owned by the lender (the final step in foreclosure process that conveys property ownership back to lender) grew 5.7 percent to 3,858 properties in the second quarter – representing the largest volume in a year. Increase in lender purchases is a positive indication that lenders are confident in the ongoing housing recovery and are ready to take these properties back to the market. Compared to sales in the second quarter of 2015, lender purchases fell 1.6 percent.

By jurisdiction, 668 lender purchases occurred in Baltimore City, representing 17.3 percent of all lender purchases statewide, the largest share (Table 4). The number of lender purchases in the City fell by 12.9 percent below the prior quarter and by 9.2 percent below the same period last year. Prince George’s County with 638 lender purchases (16.5 percent of the total) had the second highest concentration in Maryland. Lender purchases in the county dropped 10.9 percent in the second quarter but decreased 2.0 percent below last year. Anne Arundel with 599 lender purchases (15.5 percent of the total) had the third highest concentration in Maryland. Lender purchases in that county increased significantly by 59.6 percent and by 114.3 percent above the previous quarter and when compared with year ago levels. Other jurisdictions with elevated number of lender purchases include Baltimore County (479 purchases or 12.4 percent) and Montgomery County (239 purchases or 6.2 percent). Together, these jurisdictions represented 68.0 percent of all lender purchases statewide.

CHART 5. LENDER PURCHASES OF FORECLOSED PROPERTIES
SECOND QUARTER 2016



Source: RealtyTrac and DHCD, Housing and Economic Research Office

**TABLE 4. LENDER PURCHASES OF FORECLOSED
PROPERTIES
SECOND QUARTER 2016**

Jurisdiction	2016 Q2		% Change from	
	Number	% of Total	2016 Q1	2015 Q2
Allegany	37	1.0%	-12.4%	-33.7%
Anne Arundel	599	15.5%	59.6%	114.3%
Baltimore	479	12.4%	2.3%	-22.4%
Baltimore City	668	17.3%	-12.9%	-9.2%
Calvert	69	1.8%	-6.7%	-19.2%
Caroline	30	0.8%	24.2%	-19.0%
Carroll	69	1.8%	26.9%	-3.3%
Cecil	59	1.5%	-22.4%	-34.4%
Charles	185	4.8%	48.8%	33.6%
Dorchester	36	0.9%	60.6%	-74.0%
Frederick	112	2.9%	20.1%	-7.0%
Garrett	12	0.3%	-24.0%	32.0%
Harford	163	4.2%	16.9%	-6.5%
Howard	75	2.0%	-9.6%	-22.0%
Kent	13	0.3%	-42.1%	6.2%
Montgomery	239	6.2%	-2.0%	17.0%
Prince George's	638	16.5%	-10.9%	-2.0%
Queen Anne's	25	0.6%	-44.5%	-12.2%
Somerset	23	0.6%	33.3%	-20.3%
St. Mary's	64	1.6%	54.4%	-19.1%
Talbot	21	0.5%	-9.7%	9.1%
Washington	139	3.6%	56.6%	31.4%
Wicomico	59	1.5%	-9.4%	-37.5%
Worcester	46	1.2%	62.3%	-12.6%
Maryland	3,858	100.0%	5.7%	-1.6%

Source: RealtyTrac and DHCD, Housing and Economic Research Office